Aerial Wire	*	524.00%
Operator Systems	*	488.00%
Other Terminal Equipment	*	444.74%
Garage Work Equipment	*	221.95%
Public Telephone Equipment	*	181.58%
Special Purpose Vehicles	*	177.42%

The impact of these results is huge. Remember that whatever percentage a depreciation rate varies by, so too will the depreciation expense vary by that amount. For example, if a rate is 50% greater than it should be, then the depreciation expense will also be 50% greater than it should be.

There is no logical premise for continuing to advocate that an "averaging" method will result in depreciation rates that will even be reasonably reflective of the individual characteristics of a company in view of the very large disparity among the rates as shown. This disparity reflects the fact that there are marked differences among the individual telephone companies in the degree of wear and tear experienced, the amount of decay suffered, the effects of the action of the elements endured, the inadequacy and obsolescence incurred, the changes in the art adopted and the changes in the demand which must be serviced. This result is also consistent with historic experience. The variance percentages in Table 3 make it impossible to accept this Option as valid without exposing the FCC to valid changes that it has acted arbitrarily and capriciously.

F. THE DEPRECIATION SCHEDULE OPTION (OPTION III) IS ALSO FATALLY FLAWED BECAUSE OF THE VERY WIDE VARIANCE AMONG THE LECs IN DEPRECIATION PARAMETERS.

This Option, like Options I and II, would rely on an averaging of current industry data to derive a "Commission-specified average service life, retirement pattern and salvage value for each applicable plant account"[17/]. The carriers would apply the schedule to their investment in the applicable account by vintage.

The study data in Tables 2 and 3 definitively demonstrates that averaging current industry data does not yield an amount even reasonably representative of the universe of variables because of the very wide fluctuations in the variables among the LECs. Since Option III proposes to use an "average" of current industry data there is no reason to believe that it would result in any better quantification of depreciation expense than Options I and II, which were found to be fatally flawed because they propose to use "averaged" industry data despite very wide fluctuations in the underlying variables.

The Commission itself recognized that Option III, while accomplishing a greater degree of simplification than the other range options (Options I and II), provides the least amount of accuracy in matching allocation of costs with plant

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17/ NPRM ¶ 33.

consumption[18/]. CCTA concurs, but submits that this phenomenon is present in all of the "simplification" options. Any FCC move to simplify using any of the proposed Options will diminish the likelihood that the prescribed depreciation rate will result in a matching of cost allocation with plant consumption. For this reason, and for all the reasons delineated in our analysis of Options I and II, CCTA urges the Commission to reject Option III as not a viable basis for determining depreciation rates.

G. THE PRICE CAP OPTION (OPTION IV) IS FATALLY FLAWED BECAUSE IT DOES NOT REQUIRE ANY SUPPORTING DATA AND CEDES TO THE LECs THE FCC'S RESPONSIBILITY AND OBLIGATION TO PRESCRIBE DEPRECIATION FOR EACH CLASS OF PROPERTY.

Option IV would only be extended to price cap carriers. It relies primarily on the LEC to request depreciation rates and schedules, without any supporting data, and on any Comments from interested parties on that request, pursuant to a public notice of the filing. This Option affords the LECs almost absolute flexibility and control over depreciation.

The Commission's discussion in the NPRM suggests that this flexibility is justified given the price cap regulatory environment, which does not rely on a company's cost escalation in its determination of appropriate rates. The Commission, however, does correctly raise the question of such a procedure's

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18/ Id.

effect on shareable earnings. As discussed supra in Section II B, the amount of depreciation expense, which has averaged over 25% of LEC Operating Expenses from 1987-1991, will have a direct effect on a telephone company's net earnings and, thus, its ability to share with ratepayers. Whether shareable earnings levels are reached could be a direct result of the depreciation expense recognition and thus could create incentives for the company to reflect uneconomic levels of depreciation expense in lieu of having to share its earnings with ratepayers.

As CCTA also discussed supra in II B, price cap regulation also does not serve as the public's impenetrable insulator against inequities by regulated monopolies. In addition to the impact on shareable earnings, improper depreciation quantification can lead to unreliable operating results, which could mislead regulators, the financial community and other interested parties. As also noted above, if excessive depreciation rates severely depress earnings price caps may be prematurely abandoned, leaving ratepayers to bear the brunt of improperly increased depreciation expense directly in their rates.

Finally, the untethered latitude afforded the LECs in Option IV in setting their own depreciation rates, abdicates this Commission's responsibility under Section 220(b) of the Communications Act, which provides:

> The Commission shall, as soon as practicable, prescribe for such carriers the classes of property for which depreciation charges may be properly included under operating expenses, and the percentages of depreciation which shall be charged with respect to each of such classes of property, classifying the carriers as it may deem proper for this purpose.[19]

Using Pacific Bell's 1991 depreciation filing as a barometer, it is clear that Option IV would be a virtual abdication of this Commission's statutory authority. Pacific Bell is a price cap carrier pursuant to the California Public Utilities Commission's decision in D. 89-10-031. Pacific Bell's 1991 filing with this Commission requested a colossal $301 million annual increase in depreciation rates. The FCC's own staff initially found that a $33.9 million decrease was in order. The case was ultimately processed for an increase of $23.2 million. But think of the result if Option IV had been in effect. The unwarranted $301 million annual increase could have been filed without any supporting schedules, and federal and state regulators would not have had the benefit of this Commission Staff's expert analysis which ultimately resulted in Pacific Bell's federal request being processed for only 7% of its original request and the companion California state case for only 11% of its original request.

To permit a telephone company to collect depreciation charges as reflected in an unsupported filing does not fulfill the statutory mandate of the Communications Act. Seeking public

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[19] 47 U.S.C. §220(b) (emphasis added).

comment will not cure this infirmity. This alone does not insure public access to the telephone company records necessary for a meaningful review, nor the independent regulatory oversight with which the FCC is tasked. Price cap carriers cannot therefore be given "carte blanche" in depreciation.

III. THE DIFFERENCES IN DEPRECIATION PARAMETERS AND RATES AMONG THE LECS STUDIED IS SO STARK THAT ADOPTING ANY OF THE PROPOSED OPTIONS WOULD BE AN ABDICATION OF THIS COMMISSION'S STATUTORY OBLIGATION TO REVIEW AND SET DEPRECIATION POLICIES AND SCHEDULES.

This Commission has provided consistent leadership in the evolution of depreciation regulation in telecommunications. Prior to Louisiana Public Service Commission v. FCC[20/], the FCC prescribed depreciation rates and required uniform concurrence under Section 220 of the Communications Act.

Even after the Louisiana case there is little doubt that the FCC's ever-present prominence in matters of depreciation regulation has continued to cause state regulators to place heavy reliance on this Commission's experience and expertise in depreciation matters. For example, the FCC is the de facto "convenor" of the three-way triennial depreciation meeting process between a telephone company and federal and state regulators. For the FCC to now effectively abandon the business of depreciation regulation would leave out of the equation the

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20/ 476 U.S. 355 (1986).

majority of the states who remain under a non-price cap form of regulation. This Commission is a necessary party in the "dual" regulatory responsibility that Congress envisioned between the States and the FCC, as embodied in the Communications Act of 1934 and affirmed in the Louisiana case.[21/]

In the face of the clear intent of Congress to maintain a dual system of regulation as a system of checks and balances for the purpose of insuring the goal of a progressive telecommunications infrastructure, CCTA maintains that this Commission does not have the option of terminating its role in prescribing depreciation practices.

Not only must the FCC participate in the dual system of regulation, it needs to continue its leadership role in the development of depreciation practices. This will help maintain continuity in state depreciation polices and ensure that national telecommunications goals are safeguarded.

CCTA submits that if the Commission adopts any of the Options under consideration the FCC will effectively abandon its participation in a depreciation process that impacts 25% of annual LEC Operating Expenses and, erode the "dual system" of regulation that Congress ordered and the federal courts have

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[21/] See 47 U.S.C SS 220 (i) and (j).

upheld. Thus, CCTA urges the FCC not to adopt any of the Options discussed in the NPRM in this proceeding.

IV. IF DECLINING RESOURCES IN THE FACE OF EXPANDING RESPONSIBILITY IS A PRIME FACTOR PROPELLING THE NEED TO SIMPLIFY THE DEPRECIATION PROCESS, THE COMMISSION SHOULD CONSIDER ALTERNATIVES THAT WOULD NOT ABDICATE ITS STATUTORY RESPONSIBILITY OR PUT TELEPHONE RATEPAYERS AT RISK.

A. CCTA SUGGESTS AS ONE ALTERNATIVE TO EXPAND THE DEPRECIATION REVIEW PROCESS TO EVERY 4 YEARS, INSTEAD OF EVERY 3 YEARS, WHILE PERMITTING THE LECs TO REQUEST A TECHNICAL UPDATE FOR ANY SIGNIFICANT INTERIM CHANGES.

The NPRM makes clear that one of the prime driving forces in this proceeding is the "need to simplify" the process of depreciation represcription because of the annual FCC and telephone company resources the process consumes.

CCTA submits that expanding the review process to every four years, as opposed to every three years, would allow the FCC the needed latitude to deal with its workload and resource concerns in the burgeoning telecommunications arena without compromising its statutory obligations. The LECs could be protected from the any potential adverse effect from longer review periods by allowing for technical updates, if a carrier experienced significant changes in the interim period. This alternative protects the ratepaying public without confiscatory harm to the companies.

In looking at the options for "simplification", this Commission cannot on this record choose those which are tantamount to "abdication" of its mandated role. The result of the Commission's proposed simplification would be extracted at too high a price to consumers. The Commission must consider and adopt viable alternatives that permit the FCC to continue utilizing the experience and expertise of its well trained, although admittedly understaffed, Common Carrier Bureau. CCTA urges the Commission to consider the alternative proffered herein as one that maintains an appropriate balance between competing needs and goals. CCTA would also support any effort by the FCC to obtain from Congress authorization to hire additional staff to fulfill its mandates in this area.

CONCLUSION

Based on the results of its detailed study of the last five years, 1987-1991, of telephone company records on file with this Commission for companies representing a cross-section of this country, CCTA urges this Commission to recognize that:

1) The two goals of modernizing this country's communications infrastructure and the timely recovery of capital through depreciation must be kept separate, since the study flatly proves that increased depreciation expenses does not translate into increased investment in modernization of the telephone network;

2) The negative consequences of simplifying the depreciation process far outweigh any perceived benefits because, based upon the study data, each of the Commission's four proposed options is fatally flawed and will not result in the quantification of depreciation levels reasonably reflective of an individual company's true cost recovery patterns;

3) The price cap option is further flawed, and should be summarily rejected, because it does not require the filing of any supporting data it cedes to the telephone companies this Commission's responsibility and obligation to proscribe depreciation rates;

4) Expediency does not justify sacrificing an accurate quantification of depreciation expense when it is the largest single expense of the LECs and has averaged over 25% of Operating Expenses over the last five years;

5) The differences in depreciation parameters and rates among the studied LECs are so stark that adopting any of the proposed options would be an abdication of this Commission's statutory obligation to review and set depreciation policies and schedules; and

6) An alternative which would not abdicate the Commission's statutory responsibility or put ratepayers at risk in reviewing this largest of LEC expenses would be to reduce the Commission's

annual depreciation workload by expanding the review process to every four years, instead of every three years, while permitting the LECs to request a technical update for any significant interim changes.

Respectfully submitted,

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TABLE 1

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CALCULATION OF NET PLANT IN SERVICE (TPIS) ADDITIONS

($ IN THOUSANDS)

	TPIS 1987	Net Additions	TPIS 1988	Net Additions	TPIS 1989	Net Additions	TPIS 1990	Net Additions	TPIS 1991
Chesapeake and Potomac -MD	3,921,049	311,318	4,232,367	238,351	4,470,718	270,358	4,741,076		
South Central Bell	13,111,905	774,422	13,886,327	446,885	14,333,212	697,602	15,030,814	637,152	15,667,966
Southern Bell	17,055,952	1,517,027	18,572,979	1,163,177	19,736,156	247,055	19,983,211	832,711	20,815,922
New York Telephone	16,202,657	863,122	17,065,779	567,004	17,632,783	(641,543)	16,991,240	396,374	17,387,614
Pacific Bell	21,612,079	849,816	22,461,895	682,932	23,144,827	809,921	23,954,748	(616,642)	23,338,106
Southwestern Bell Telephone	22,196,870	633,946	22,830,816	606,911	23,437,727	(267,600)	23,170,127	748,939	23,919,066
Northwestern Bell	6,255,245	344,267	6,599,512	338,418	6,937,930	(202,432)	6,735,498		
Mountain States Telephone	10,524,983	122,173	10,647,156	547,478	11,194,634	585,951	11,780,585		
Ohio Bell Telephone			4,593,279	206,074	4,799,353	225,312	5,024,665	132,441	5,157,106

Source: STATISTICS OF COMMUNICATIONS COMMON CARRIERS, TABLE 2.9 for each year.

TABLE I

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COMPARISON OF TPIS NET ADDITIONS AND DEPRECIATION EXPENSE

($ IN THOUSANDS)

Company	1988 Net Additions	1988 Depr. Exp.	1989 Net Additions	1989 Depr. Exp.	1990 Net Additions	1990 Depr. Exp.	1991 Net Additions	1991 Depr. Exp.
Chesapeake and Potomac -MD	311,318	296,696	238,351	297,273	270,358	295,124		
South Central Bell	774,422	1,120,457	446,885	1,114,071	697,602	1,130,105	637,152	1,098,205
Southern Bell	1,517,027	1,469,176	1,163,177	1,535,156	247,055	1,541,353	832,711	1,506,415
New York Telephone	863,122	1,368,772	567,004	1,487,762	(641,543)	1,372,804	396,374	1,329,317
Pacific Bell	849,816	1,780,047	682,932	1,711,675	809,921	1,753,215	(616,642)	1,629,109
Southwestern Bell Telephone	633,946	1,725,979	606,911	1,774,402	(267,600)	1,695,349	748,939	1,562,635
Northwestern Bell	344,267	519,772	338,418	535,764	(202,432)	511,556		
Mountain States Telephone	122,173	758,894	547,478	777,629	585,951	800,361		
Ohio Bell Telephone		368,845	206,074	337,721	225,312	354,640	132,441	354,917

Source: STATISTICS OF COMMUNICATIONS COMMON CARRIERS, TABLE 2.9 for each year.

TABLE 2

PAGE 1 OF 2

REMAINING LIFE - 1991

		Pacific Bell	New York Tel	C&P MD	Southwest. Bell Missouri	South Cen. Bell Alabama	Southern Bell Florida	US West Iowa	Percent Deviation
2112.00	Motor Vehicles	4.6	2.8		3.7	4.0	1.6	3.6	187.50%
2114.00	Special Purpose Vehicles	3.0	6.0			11.1	8.7	15.0	400.00%
2115.00	Garage Work Equipment	5.2	6.0		8.3	11.1	8.7	8.2	113.46%
2116.00	Other Work Equipment	7.4	6.0		9.1	11.1	8.7	8.4	85.00%
2121.00	Buildings	32.0	34.8		40.0	36.0	36.0	30.0	33.33%
2122.00	Furniture	11.2	12.8		14.3	12.6	8.7	10.2	64.37%
2123.10	Office Support Equipment	6.5	11.6		6.2	4.2	4.1	5.1	182.93%
2123.20	Company Communications	3.9	3.2		5.7			4.8	78.13%
2124.00	General Purpose Computers	2.7	2.3		4.2	3.4	2.9	3.0	82.61%
2211.00	Analog Switching	7.5	8.3		9.0	7.9	6.8	8.6	32.35%
2212.00	Digital Electronic Switching	11.1	15.2		12.9	12.3	12.9	14.2	36.94%
2215.10	Electro-Mechanical Switching - Step-by-Step	0.5	2.4					3.5	600.00%
2215.20	Electro Mechanical Switching - Crossbar	0.5	0.0					2.1	320.00%
2220.00	Operator Systems		4.7		7.8	9.3	8.7	3.6	158.33%
	Cross-bar	2.2							
	Ess-Analog	2.6							
	ESS-Digital	5.5							
	Network Support	2.2							
2231.00	Radio Systems	6.7	9.8		11.8	6.0	2.7	8.1	337.04%
2232.00	Circuit Equipment - Analog	4.8			6.4			7.1	47.92%
	Circuit Equipment - Digital	6.6			8.8			9.2	39.39%
	DDS	4.5			4.8	4.1	4.9	6.3	53.66%
	Other	6.6	7.3			5.3	6.8		37.74%
2351.00	Public Telephone Equipment	3.4	3.0	4.6	7.0	3.4	3.0	6.7	133.33%
2362.00	Other Terminal Equipment	2.5	3.8	5.9	5.3	3.7	3.2	5.0	136.00%
2411.00	Poles	18.5	23.0	20.0	22.0	22.0	22.0	6.2	270.97%
2421.00	Aerial Cable	13.2 #	15.5	13.6	18.3 *#	13.6 *	11.6 *	9.5 *	92.63%
2422.00	Underground Cable	18.0 #	17.8	17.8	19.2 *#	17.3 *	15.7 *	17.3 *	22.29%
2423.00	Buried Cable	15.0 #	18.5	17.3	19.0 *#	15.2 *	12.5 *	16.5 *	52.00%
2424.00	Submarine Cable	3.4	18.0	13.6	12.0	14.5	12.4	10.4 *	429.41%
2426.00	Intrabuilding Network Cable	11.5	15.5	12.2	18.4	11.6	13.3	10.6 *	73.58%
2431.00	Aerial Wire	4.8	5.4		6.1	16.6		3.6	361.11%
2441.00	Conduit Systems	44.0	44.0	46.0	49.0	50.0	43.0	33.0	51.52%

* Metallic; # Exchange; *# Metallic Exchange

Source: 1991 FCC Form M Schedule B-5c for each Company

TABLE 2

PAGE 2 OF 2

NET SALVAGE - 1991

		Pacific Bell	New York Tel	C&P MD	Southwest. Bell Missouri	South Cen. Bell Alabama	Southern Bell Florida	US West Iowa	Percent Deviation
2112.00	Motor Vehicles	12.00%	6.00%		14.00%	12.00%	21.00%	17.00%	250.00%
2114.00	Special Purpose Vehicles	51.00%	5.00%			2.00%	2.00%	10.00%	2450.00%
2115.00	Garage Work Equipment	-6.00%	5.00%		5.00%	2.00%	2.00%	10.00%	
2116.00	Other Work Equipment	3.00%	5.00%		5.00%	2.00%	2.00%	10.00%	400.00%
2121.00	Buildings	-4.00%	-1.10%		4.00%	4.00%	4.00%	7.00%	
2122.00	Furniture	3.00%	2.00%		7.00%	9.00%	2.00%	2.00%	350.00%
2123.10	Office Support Equipment	3.00%	2.00%		7.00%	26.00%	18.00%	2.00%	1200.00%
2123.20	Company Communications	-1.00%	-2.50%		18.00%			5.00%	
2124.00	General Purpose Computers	1.00%	6.00%		11.00%	5.00%	0.00%	5.00%	1000.00%
2211.00	Analog Switching	-1.00%	5.00%		4.00%	2.00%	0.00%	3.00%	
2212.00	Digital Electronic Switching	3.00%	5.00%		10.00%	2.00%	1.00%	4.00%	900.00%
2215.10	Electro-Mechanical Switching - Step-by-Step	-10.00%	-8.00%		0.00%	-7.00%		-7.00%	30.00%
2215.20	Electro Mechanical Switching - Crossbar	-6.00%	-5.00%		0.00%	-3.00%		-3.00%	50.00%
2220.00	Operator Systems		0.00%		1.00%	2.00%	0.00%	2.00%	100.00%
	Cross-bar	-2.00%							
	Ess-Analog	-3.00%							
	ESS-Digital	5.00%							
	Network Support	-2.00%							
2231.00	Radio Systems	-2.00%	-4.00%		15.00%	0.00%	-5.00%	-4.00%	
2232.00	Circuit Equipment - Analog	0.00%			0.00%			4.00%	
	Circuit Equipment - Digital	1.00%			7.00%			5.00%	600.00%
	DDS	-4.00%			10.00%	10.00%	2.00%		
	Other	1.00%	-5.00%			2.00%	0.00%		
2351.00	Public Telephone Equipment	8.00%	1.00%	5.00%	10.00%	20.00%	20.00%	5.00%	1900.00%
2362.00	Other Terminal Equipment	-3.00%	-10.00%	-7.00%	1.00%	-4.00%	-4.00%	5.00%	
2411.00	Poles	-84.00%	-98.00%	-51.00%	-85.00%	-40.00%	-56.00%	-74.00%	59.18%
2421.00	Aerial Cable	-14.00%#	-29.60%	-23.00%	-24.00%*#	-17.00%*	-12.00%*	-27.00%*	59.46%
2422.00	Underground Cable	-12.00%#	-23.50%	-38.00%	-31.00%*#	-13.00%*	-6.00%*	-5.00%*	86.84%
2423.00	Buried Cable	-6.00%#	-6.20%	-9.00%	-10.00%*#	-6.00%*	-11.00%*	-10.00%*	45.45%
2424.00	Submarine Cable	-12.00%	-2.70%	-3.00%	-1.00%	0.00%	-5.00%	-2.00%	91.67%
2426.00	Intrabuilding Network Cable	-14.00%	-29.60%	-23.00%	-24.00%	-11.00%	-12.00%	-41.00%	73.17%
2431.00	Aerial Wire	-39.00%	-28.00%		-127.00%	-78.00%	-20.00%	-25.00%	84.25%
2441.00	Conduit Systems	-18.00%	-16.00%	-7.00%	-6.00%	-5.00%	-5.00%	-15.00%	72.22%

* Metallic; # Exchange; *# Metallic Exchange

Source: 1991 FCC Form M Schedule B-5c for each Company

TABLE 3

PAGE 1 OF 4

DEPRECIATION RATES - 1988

	Pacific	New York Tel	C&P MD	Southwest. Bell Missouri	South Cen. Bell Alabama	Southern Bell Florida	NW Bell Iowa	Percent Deviation
2112.00 Motor Vehicles	7.50%	10.20%	10.69%	11.50%	12.40%	8.40%	9.60%	65.33%
2114.00 Special Purpose Vehicles	7.50%	9.30%			0.00%	8.20%	7.20%	29.17%
2115.00 Garage Work Equipment	7.50%	9.30%	5.58%	8.10%	5.80%	8.20%	7.20%	66.67%
2116.00 Other Work Equipment	7.50%	9.30%	5.58%	8.10%	5.80%	8.20%	7.20%	66.67%
2121.00 Buildings	2.20%	2.30%	2.37%	2.60%	2.20%	2.30%	2.20%	18.18%
2122.00 Furniture	6.00%	5.90%	6.99%	7.00%	5.30%	6.70%	8.60%	62.26%
2123.10 Office Support Equipment	6.00%	5.90%	6.99%	7.00%	15.40%	7.20%	6.30%	161.02%
2123.20 Company Communications	12.50%	12.80%	9.56%	5.20%				146.15%
2124.00 General Purpose Computers	17.60%	17.20%	15.74%	15.10%	14.10%	12.60%	17.50%	39.68%
2211.00 Analog Switching	6.20%	5.90%	6.44%	5.30%	8.90%	7.80%	6.40%	67.92%
2212.00 Digital Electronic Switching	6.20%	6.50%	6.88%	7.10%	7.00%	7.00%	6.40%	14.52%
2215.10 Electro-Mechanical Switching - Step-by-Step		20.20%	9.65%	13.70%	44.90%		12.40%	365.28%
2215.20 Electro Mechanical Switching - Crossbar		16.60%	17.14%	36.10%	61.10%		12.40%	392.74%
2220.00 Operator Systems- Other	6.20%	13.20%	17.10%	21.60%	61.10%	7.00%	12.40%	885.48%
Operator Systems - Crossbar	17.60%							
2231.00 Radio Systems	8.00%	8.20%	5.97%	5.90%	8.20%	28.30%	9.00%	379.66%
2232.00 Circuit Equipment-DDS	10.90%		8.09%	12.20%	16.50%	15.50%	10.80%	103.96%
Circuit Equipment-Other	9.20%	8.00%	9.44%	8.40%	9.80%	8.50%	8.10%	22.50%
2351.00 Public Telephone Equipment	10.00%	21.60%	10.48%	9.00%	11.80%	16.90%	9.70%	140.00%
2362.00 Other Terminal Equipment	17.20%	9.10%	13.36%	10.80%	14.00%	17.50%	21.30%	134.07%
2411.00 Poles	6.20%	5.70%	5.22%	6.10%	5.70%	6.80%	29.80%	470.88%
2421.00 Aerial Cable	5.30%#	5.12%	5.22%	4.60%*#	5.00%*	7.80%*	7.60%#	69.57%
2422.00 Underground Cable	4.20%#	3.13%	4.46%	4.20%*#	4.20%*	3.70%*	3.70%#	42.49%
2423.00 Buried Cable	4.60%#	4.04%	4.44%	5.00%*#	4.70%*	6.30%*	4.50%#	55.94%
2424.00 Submarine Cable	4.30%	5.00%	4.43%	5.00%	3.80%	5.00%	3.60%	38.89%
2426.00 Intrabuilding Network Cable	5.30%	5.12%	5.22%	4.60%	5.00%	7.80%	7.60%	69.57%
2431.00 Aerial Wire	13.10%	12.80%		10.50%	11.40%	15.00%		42.86%
2441.00 Conduit Systems	1.90%	1.97%	1.74%	1.70%	1.70%	1.90%	2.40%	41.18%

* Metallic; # Exchange; *# Metallic Exchange

Source: 1988 FCC Form M Schedule B-5c for each Company

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DEPRECIATION RATES - 1989

		Pacific Bell	New York Tel	C&P MD	Southwest. Bell Missouri	South Cen. Bell Alabama	Southern Bell Florida	NW Bell Iowa	Percent Deviation
2112.00	Motor Vehicles	11.10%	10.20%	24.86%	11.50%	12.40%	9.10%	9.60%	173.19%
2114.00	Special Purpose Vehicles	4.60%	9.30%			5.80%	8.00%	7.20%	102.17%
2115.00	Garage Work Equipment	12.00%	9.30%	10.71%	8.10%	5.80%	8.00%	7.20%	106.90%
2116.00	Other Work Equipment	8.70%	9.30%	10.39%	8.10%	5.80%	8.00%	7.20%	79.14%
2121.00	Buildings	2.40%	2.30%	3.32%	2.60%	2.20%	2.20%	2.20%	50.91%
2122.00	Furniture	6.60%	5.90%	7.61%	7.00%	5.30%	7.70%	8.60%	62.26%
2123.10	Office Support Equipment	11.50%	5.90%	17.19%	7.00%	15.40%	13.30%	6.30%	191.36%
2123.20	Company Communications	13.10%	12.80%	18.76%	5.20%				260.77%
2124.00	General Purpose Computers	15.10%	17.20%	26.19%	15.10%	14.10%	13.60%	17.50%	92.57%
2211.00	Analog Switching	7.00%	5.90%	11.86%	5.30%	6.90%	8.40%	6.40%	123.77%
2212.00	Digital Electronic Switching	6.30%	6.50%	7.80%	7.10%	7.00%	6.50%	6.40%	23.81%
2215.10	Electro-Mechanical Switching - Step-by-Step	6.50%	20.20%		13.70%	44.90%		12.40%	590.77%
2215.20	Electro Mechanical Switching - Crossbar	12.80%	24.90%		36.10%	61.10%		12.40%	392.74%
2220.00	Operator Systems	10.50%	13.20%	7.99%	21.60%	61.10%	8.10%	12.40%	664.71%
2231.00	Radio Systems	8.40%	8.20%	9.50%	5.90%	8.20%	6.90%	9.00%	61.02%
2232.00	Circuit Equipment - Analog	9.80%		15.56%					58.78%
	Circuit Equipment - Digital	8.90%		12.95%					45.51%
	DDS	11.70%		12.47%	12.20%	16.50%	9.30%	10.80%	77.42%
	Other	8.90%	8.00%		8.40%	9.80%	9.60%	8.10%	22.50%
2351.00	Public Telephone Equipment	11.60%	21.60%	21.61%	9.00%	11.80%	6.90%	9.70%	213.19%
2362.00	Other Terminal Equipment	14.60%	9.10%	16.87%	10.80%	14.00%	13.30%	21.30%	134.07%
2411.00	Poles	6.80%	5.70%	4.98%	6.10%	5.70%	5.10%	29.80%	498.39%
2421.00	Aerial Cable	5.70%#	5.12%	7.32%	4.60%*#	5.00%*	6.10%*	7.60%#	65.22%
2422.00	Underground Cable	4.40%#	3.13%	5.60%	4.20%*#	4.20%*	4.80%*	3.70%#	78.91%
2423.00	Buried Cable	4.40%#	4.04%	5.76%	5.00%*#	4.70%*	6.00%*	4.50%#	48.51%
2424.00	Submarine Cable	3.00%	5.00%	7.32%	5.00%	3.80%	4.60%	3.60%	144.00%
2426.00	Intrabuilding Network Cable	7.30%	5.12%	8.15%	4.60%	5.00%*	5.50%	7.60%	77.17%
2431.00	Aerial Wire	19.20%	12.80%		10.50%	11.40%	5.00%		284.00%
2441.00	Conduit Systems	2.30%	1.97%	2.17%	1.70%	1.70%	2.00%	2.40%	41.18%

* Metallic; # Exchange; *# Metallic Exchange
Source: 1989 FCC Form M Schedule B-5c for each Company

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DEPRECIATION RATES - 1990

	Pacific Bell	New York Tel	C&P MD	Southwest. Bell Missouri	South Cen. Bell Alabama	Southern Bell Florida	NW Bell Iowa	Percent Deviation
2112.00 Motor Vehicles	11.10%	12.20%	10.75%	10.20%	11.10%	9.10%		34.07%
2114.00 Special Purpose Vehicles	4.60%	8.60%			5.90%	8.00%	6.00%	86.96%
2115.00 Garage Work Equipment	12.00%	9.50%	6.92%	6.30%	5.90%	8.00%	4.10%	192.68%
2116.00 Other Work Equipment	8.70%	9.90%	8.06%	7.10%	5.90%	8.00%	6.00%	67.80%
2121.00 Buildings	2.40%	2.20%	2.37%	1.90%	2.10%	2.20%	2.40%	26.32%
2122.00 Furniture	6.60%	5.70%	5.24%	5.00%	5.60%	7.70%	5.40%	54.00%
2123.10 Office Support Equipment	11.50%	7.10%	12.02%	12.60%	12.80%	13.30%	8.60%	87.32%
2123.20 Company Communications	13.10%	10.20%	7.77%	4.40%			9.60%	197.73%
2124.00 General Purpose Computers	15.10%	16.80%	13.63%	12.00%	15.90%	13.60%	11.20%	50.00%
2211.00 Analog Switching	7.00%	7.30%	7.19%	5.80%	7.30%	8.40%	6.20%	44.83%
2212.00 Digital Electronic Switching	6.30%	6.30%	6.25%	6.00%	6.60%	6.50%	6.00%	10.00%
2215.10 Electro-Mechanical Switching - Step-by-Step	6.50%	14.20%	0.00%				2.10%	576.19%
2215.20 Electro Mechanical Switching - Crossbar	12.80%	24.90%	0.00%				7.70%	223.38%
2220.00 Operator Systems	10.50%	15.50%	7.13%	9.70%	2.50%	8.10%	12.20%	520.00%
2231.00 Radio Systems	8.40%	7.80%	6.72%	4.90%	12.10%	6.90%	7.20%	146.94%
2232.00 Circuit Equipment - Analog	9.80%		9.28%	8.40%				16.67%
Circuit Equipment - Digital	8.90%		8.79%	8.10%				9.88%
DDS	11.70%		9.25%	9.50%	13.30%	9.30%	10.00%	43.78%
Other	8.90%	10.90%			12.20%	9.60%	6.60%	84.85%
2351.00 Public Telephone Equipment	11.60%	10.60%	8.59%	3.80%	9.30%	6.90%	8.50%	205.26%
2362.00 Other Terminal Equipment	14.60%	14.90%	10.25%	5.70%	16.60%	13.30%	3.80%	336.84%
2411.00 Poles	6.80%	6.30%	5.74%	5.50%	4.60%	5.10%	10.10%	119.57%
2421.00 Aerial Cable	5.70%#	6.10%	6.09%	4.10%*#	5.70%*	6.10%*	7.50%	82.93%
2422.00 Underground Cable	4.40%#	5.10%	5.49%	4.80%*#	4.00%*	4.80%*	6.10%	52.50%
2423.00 Buried Cable	4.40%#	4.10%	4.60%	4.10%*#	4.60%*	6.00%*	5.00%	46.34%
2424.00 Submarine Cable	3.00%	4.10%	4.35%	6.80%	3.90%	4.60%	3.20%	126.67%
2426.00 Intrabuilding Network Cable	7.30%	6.10%	5.85%	5.70%	6.70%	5.50%	6.80%	32.73%
2431.00 Aerial Wire	19.20%	11.60%		15.60%	6.70%	5.00%	2.50%	668.00%
2441.00 Conduit Systems	2.30%	2.00%	1.92%	1.70%	1.70%	2.00%	1.90%	35.29%

* Metallic; # Exchange; *# Metallic Exchange

Source: 1990 FCC Form M Schedule B-5c for each Company

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DEPRECIATION RATES - 1991

		Pacific Bell	New York Tel	C&P MD	Southwest. Bell Missouri	South Cen. Bell Alabama	Southern Bell Florida	US West Iowa	Percent Deviation
2112.00	Motor Vehicles	11.50%	12.20%		10.20%	11.10%	9.10%	9.10%	34.07%
2114.00	Special Purpose Vehicles	3.10%	8.60%			5.90%	8.00%	6.00%	177.42%
2115.00	Garage Work Equipment	13.20%	9.50%		6.30%	5.90%	8.00%	4.10%	221.95%
2116.00	Other Work Equipment	8.50%	9.90%		7.10%	5.90%	8.00%	6.00%	67.80%
2121.00	Buildings	2.90%	2.20%		1.90%	2.10%	2.20%	2.40%	52.63%
2122.00	Furniture	6.00%	5.70%		5.00%	5.60%	7.70%	5.40%	54.00%
2123.10	Office Support Equipment	11.50%	7.10%		12.60%	12.80%	13.30%	8.60%	87.32%
2123.20	Company Communications	10.70%	10.20%		4.40%			9.60%	143.18%
2124.00	General Purpose Computers	14.30%	18.00%		12.00%	15.90%	13.60%	11.20%	60.71%
2211.00	Analog Switching	8.10%	7.20%		5.80%	7.30%	8.40%	6.20%	44.83%
2212.00	Digital Electronic Switching	6.60%	5.70%		6.00%	6.60%	6.50%	6.00%	15.79%
2215.10	Electro-Mechanical Switching - Step-by-Step		15.30%					2.10%	628.57%
2215.20	Electro Mechanical Switching - Crossbar		0.00%					7.70%	
2220.00	Operator Systems		14.70%		9.70%	2.50%	8.10%	12.20%	488.00%
	Cross-bar	12.00%							
	Ess-Analog	25.90%							
	ESS-Digital	14.70%							
	Network Support	12.00%							
2231.00	Radio Systems	8.70%	7.40%		4.90%	12.10%	6.90%	7.20%	146.94%
2232.00	Circuit Equipment - Analog	9.80%			8.40%			6.60%	48.48%
	Circuit Equipment - Digital	8.50%			8.10%			7.70%	10.39%
	DDS	9.90%			9.50%	15.30%	9.30%	10.00%	64.52%
	Other	8.50%	10.35%			12.20%	9.60%		43.53%
2351.00	Public Telephone Equipment	6.80%	10.70%	8.59%	3.80%	9.30%	6.90%	8.50%	181.58%
2362.00	Other Terminal Equipment	20.70%	14.90%	10.25%	5.70%	16.60%	13.30%	3.80%	444.74%
2411.00	Poles	6.70%	6.30%	5.74%	5.50%	4.60%	5.10%	10.10%	119.57%
2421.00	Aerial Cable	5.40%#	5.95%	6.09%	4.10%*#	5.70%*	6.10%*	5.80%*	48.78%
2422.00	Underground Cable	4.40%#	4.73%	5.49%	4.80%*#	4.00%*	4.80%*	3.20%*	71.56%
2423.00	Buried Cable	4.60%#	4.43%	4.60%	4.10%*#	4.60%*	6.00%*	3.80%*	57.89%
2424.00	Submarine Cable	7.10%	4.40%	4.35%	6.80%	3.90%	4.60%	2.90%	144.83%
2426.00	Intrabuilding Network Cable	6.50%	4.80%	5.85%	5.70%	6.70%	5.50%	5.90%	39.58%
2431.00	Aerial Wire	13.40%	11.60%		15.60%	6.70%	5.00%	2.50%	524.00%
2441.00	Conduit Systems	2.20%	2.05%	1.92%	1.70%	1.70%	2.00%	1.90%	29.41%

* Metallic; # Exchange; *# Metallic Exchange

Source: 1991 FCC Form M Schedule B-5c for each Company